

PEOPLE POINTERS

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NEWS

Deferred Compensation Rules Have Changed

President Bush has signed into law the American Jobs Creation Act of 2004, which makes significant changes to rules covering nonqualified deferred compensation programs.

The law defines a “nonqualified deferred compensation plan” as any plan that provides for the deferral of compensation, excluding a qualified employer plan, any bona fide vacation leave, sick leave, compensatory time, disability pay, or death-benefit plan.

In general, the law applies to amounts deferred after December 31, 2004.

Employers should become familiar with the Act, identify affected plans at their company, and determine the necessary changes that need to be made to ensure compliance by the effective date.



Performance Appraisals

By: Sandra Kay Neal, Ph.D.,
Industrial Organizational Psychologist

Performance appraisals are often considered a disliked chore by managers, yet they can be a marvelous opportunity to enhance the connection between employees and their bosses as well as improve employees' performance.

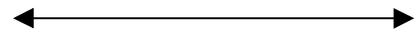
The first thing managers can do to provide quality performance appraisals is to be sure that review and evaluation of all the tasks and skills important to the job is included in the performance appraisal.

Keep a file on each employee into which examples of exceptional performance are placed throughout the year. This reduces the likelihood of only noticing what has been happening just prior to the appraisal. It also ensures that employees' exceptional performances are noticed by bosses.

Let them know specific incidents of less than exceptional performance, but also inform them of what could be done to improve their performance.

Finally, review the previous year's appraisal and indicate areas of improvement. This

rewards employees for taking seriously the performance appraisal.



How Can HR Improve Productivity?

By: John M. Turner, Ph.D.,
President & CEO

Thinking about the specific Human Resources (HR) practices at your company, how do they impact your productivity rate – positively or negatively? Many business owners and executives don't realize the effect that HR can have on the company's productivity. Some treat these two disciplines as separate parts of the business; however, this link is very important. In this article, the focus will be on productivity programs within the HR department. Whether your company has just a few employees or several hundred, these programs are worth the time to review. Custom designed HR productivity improvement programs should be an integral part of the business plan regardless of the company's type of business (i.e. production, service, not-for-profit, private or public sector).

The success of any HR productivity program depends

on whether it can effectively motivate employees to behave in ways that contribute to the company's goals and objectives. This motivation is perhaps the hardest part of day-to-day management. How managers and supervisors behave will be crucial to the program's success.

Pay-for-Performance programs exist, which link employee rewards directly to their level of performance. Most people believe that good performers should be rewarded and exceptional performers should receive a greater reward. Top performers should be motivated by large rewards to maintain high levels of performance and low-level performers should be motivated to either increase their efforts or seek employment elsewhere. Overall, company performance should improve. A word of caution – allocating rewards based on performance can lead to legal problems. It is important that these programs be administered fairly to avoid any charges of discrimination.

This article discusses one specific type of Pay-for-Performance program, commonly called a **Merit Pay Plan**. Basically, this program awards employees annual pay raises based on their level of performance. A job appraisal form is used to measure the individual performance levels. The size of the pay raise is determined either by a Merit Pay Guide Chart or the manager's discretion based on the payroll budget.

Strengths of this type of plan include:

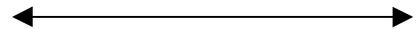
- A direct link is established between employee performance and their financial reward.
- The ability to earn more money is directly under the employee's control.
- Group performance doesn't effect individual reward levels.
- Publicized merit pay guidelines can serve as a motivational tool.
- Employees believe their hard work is recognized and rewarded by the company.

However, there are several weaknesses to this plan. These include:

- A poor appraisal program can lead to flawed assessments of an employee's performance.
- Supervisors often base pay increases on factors other than job performance, such as personality traits, leading to a lack of trust between employees and management.
- The amount of budgeted money for pay raises may not be adequate to effectively reward top performers.
- Most pay increases are given annually. This creates a time-lag between the performance and the reward. Very little incentive is provided to work hard all year long.

- These plans are not very cost effective. Once a merit increase is given, it becomes part of the employee's base pay for the length of their employment.
- Production can actually be hindered if these plans fail to reward behaviors that contribute to company goals and objectives. Oftentimes, competitive rather than cooperative behaviors are encouraged.

As with most management programs, there are pros and cons to consider. Using a Pay-for-Performance program can be a very beneficial option. Careful consideration and effective implementation are critical to the program's success. **Why not review your company's HR productivity programs?**



Reminder

If your company is required to comply with the Occupational Health & Safety (OSHA) record-keeping requirements – don't forget to post your OSHA Form 300A (summary of work-related injuries and illnesses) from February 1, 2005 through April 30, 2005.





Office Ergonomics

By: The Safety Department

Many of us spend 90% of our time at work at a desk or computer station. Here are some useful tips to eliminate the chance of injury or permanent damage caused by improper "Office Ergonomics."

Evaluate your space:

Neck and shoulder strain or discomfort:

- Adjust your monitor to eye level.
- Use a document holder that attaches to your monitor to avoid constant head movement.
- Position your most used items (pens, stapler, phone) within easy reach (18").
- Alternate your work position throughout day.
- For repetitive phone use, use a headset or speakerphone.
- Adjust your keyboard and mouse to match your seated elbow height.

Arm, elbow and wrist strain or damage:

- Choose ergonomic equipment (3M mouse, gel wrist pads).
- Shoulders and upper arms should be perpendicular to floor and relaxed.
- Develop a soft touch when keying, do not pound the keys.

Legs, feet and back strain:

- Choose a footrest to supply support to back and legs.
- Select a chair with lumbar support that allows proper posture.

Fitting a chair:

- Hips are two to three fingers width from armrest.
- Backs of knees are two to three fingers width from front edge of chair.
- Do your legs fit comfortably under your desk (minimum of 2" between top of thighs and bottom of desk)?
- Are your thighs parallel to floor and lower legs perpendicular?

Eye strain:

- Close drapes to avoid glare.
- Light source should come at a 90 degree angle.

Now that you have evaluated your space, here are some simple stretching exercises to help you reduce the risk of permanent damage, make your

day more pleasant and more productive.

Office exercises

(Make a copy of these exercises and place in a conspicuous area)

- Stand and stretch every 20 minutes, go get a drink, take a quick walk around the office.
- Put your right leg in front of the other, lunge toward front leg, stretch, and repeat using opposite leg.
- Place right arm behind head, grab elbow of right arm with left hand, stretch and repeat using opposite arm.
- Place hands on desk, palms down with wrist facing away from body, stretch arms and wrists.
- Place hands on wall; extend legs back, stretch back muscles.
- Close your eyes for a few minutes to rest them at lunch.

Military Leave

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In the recent past, many of the United States' men and women who serve in the armed forces have been called to active military duty to defend our Country.



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As such, it is important for all employers to keep in mind their obligations to those service men and women and the Uniformed Services Employment and Re-employment Rights Act of 1994 (the "Act"). Under the Act, individuals who enter the military reserves, National Guard, Coast Guard and other military services for a short period of time may return to their civilian jobs and suffer no loss of seniority or benefits. The Act expands protection against discrimination on the basis of military obligations in the areas of seniority, advancement and job retention, or taking adverse employment action against a person who has acted to enforce any protections afforded by the Act.

An employer may be excused from the requirements of the Act if circumstances make re-employment impossible or unreasonable, or would create an undue hardship on the employer. In these situations, the employer will have the burden of proving the hardship or difficulty involved.

In order to receive the benefits of the Act, the person absent from employment by reason of military service must give the employer advance written notice of such service. The cumulative length of the absence and any previous absences from employment by reason of military service must not exceed five years and the person reports or applies to such employer on completion of such service in

accordance with the requirements of the Act. The person must also show that their military service was the motivating factor in the employer's decision not to re-employ them at the same level of work enjoyed at the time he or she gave notice of the departure for military service.

Under certain circumstances, the employee can be excused from notifying the employer when such notification is precluded by military necessity or when it is otherwise impossible to do so. There may also exist special situations under which the five-year period may be extended and under which certain persons remain entitled to their employment or re-employment rights.

To avoid violations of the Act, employers should review their hiring and retention practices and should also have a specific anti-discrimination policy in their employee handbook. Employers should consult with their legal counsel with questions regarding to their hiring and retention policies.



SURVEY

When 84 large U.S. employers were asked to detail their fitness initiative, 77% said they offered an on-site fitness center. Other fitness efforts included:

Web-based tools for tracking results – 38%

Information on local programs – 60%

Sponsorship of programs – 67%

On-site programs – 69%

Source: National Business Group on Health



ABOUT US

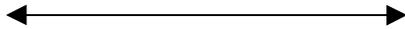
JMT & Associates, LLC is a full service Human Resources (HR) & Safety solutions provider. We partner with small, mid-size, and large companies to develop and improve HR processes and procedures. We offer extensive "real-world" experience in a variety of industries, including: manufacturing, service, union, union-free, profit, not-for-profit, private, and public sectors. Our level of involvement ranges from complete management of your HR needs to providing project-based assistance to your in-house HR person, depending on your specific business requirements. These services range from basic policy development to in-depth HR strategic planning. We begin with a comprehensive HR assessment of your current policies and procedures. We provide a detailed analysis and a "roadmap of recommendations" to maximize your HR investment. We then provide the necessary follow-up to ensure process effectiveness.



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